

Submission to the Electricity Pricing Inquiry

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Summary

In 2007, we made the decision to buy PV panels. We were encouraged to do this by both Federal and State governments. The on-grid installation cost us \$5000. We were promised RECs although this never eventuated. We were paid a flat rate of 20 cents for each KWH generated.

In May 2015, the price we were paid was reduced to 6 cents. It being no longer possible to receive a fair price, the panels were turned off. There is at present no likelihood that we will ever recoup our outlay.

Events

In 2007 my wife and I made the decision to buy PV panels. We were encouraged to do this by both Federal and State governments, to help reduce the load on their generators, and to put green power into the electricity grid. Our purchase also helped the budding renewable energy sector. Our motivations were to help the environment and to reduce our power bills.

Our system cost \$13,000, and we received a \$8000 rebate from the Federal government. We recognised that we would probably never recoup our investment, but never did we expect that only five years later, conservative governments would take an axe to the industry and attempt to scapegoat and demonise the many thousands of PV panel owners like us.

By May 2015, we had put 10 Megawatt hours back into the grid, at 20cents per kilowatt hour. We had received the princely sum of \$2000 off our power bill over that time. We were never eligible for the 45 cent FIT as our older house and switchboard would not support installation of the necessary meters. We were told that we would receive cheques for RECs from time to time, but apart from one \$500 rebate at the time of installation, this never happened.

Nevertheless, we were happy with the situation, as we were saving approximately \$70 per quarter off our bill, and were on track to recover most of our outlay over 20 years.

2012 saw the election of a conservative state government in Qld, with a policy of reducing electricity bills for consumers, although they had no actual plan for achieving this. Faced with a backlash from voters, the government commenced to slur, denigrate, and scapegoat PV panel owners as being responsible for the

increase in electricity prices.

As a result of that government's policy, from May 1st we only receive 6 cents per kilowatt hour. If we continue to generate power for another eight years, we will only receive \$600 off our power bills, a paltry amount which in no way reflects the price of electricity, no matter how it is generated. This means that even under ideal generating conditions, we can never ever recoup the cost of buying these panels.

We made the decision to turn the panels off, and are at present looking at ways of using the electricity that could be generated by them. We are hampered in this by not desiring to throw good money after bad.

Comments on Privatisation

It is fair to say that privatisation of utilities has never led to lower prices. This is because the only duty of private industry is to itself; to maximise their profits.

We were told in the leadup to the changes in May that we would need to "negotiate" an "agreement" with retailers to achieve the best deal. This rather ignores that fact that the retailers flatly refuse to negotiate, and present a "take it or leave it" attitude. There can be no agreement under duress. This may lead to a perception that retailers collude with each other to fix prices and maximise their profits. There can be no reduction of prices under such a system.

We also looked into the Big Switch which was being pushed by media interests. When looking into the fine print, we found that although the price of electricity being offered was 10% cheaper, the service charge was significantly higher, and would have led to our electricity bill being much higher.

It is also mentioned in your Terms of Reference that consumers need to educate themselves and react to pricing signals. The retailers' attitudes make a mockery of such platitudes.

Conclusion and recommendation

Electricity pricing has become a political football in Australia. In the last eight years, parties have completely reversed their previous support for renewable energy, because it is politically advantageous to them to do so.

Many PV panel owners such as ourselves have been put at a significant financial disadvantage as a result. The emerging renewable energy sector has been badly damaged.

Privatisation has failed to reduce prices, and there is no likelihood of it ever succeeding.

In the short term, we would like to see the following happen:

- PV panel owners should be paid a fair amount for the electricity they generate. If it is considered fair for retailers to charge 25 cents per KWH, then this should also be paid to us.
- Strong government oversight of retailers is needed to avoid any collusion on pricing.